

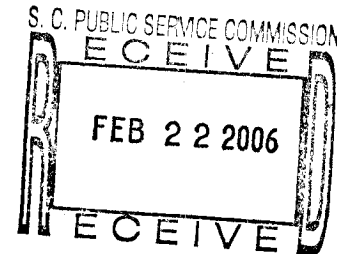


P.O. BOX 10, 420 RIVER STREET  
LOCKHART, SOUTH CAROLINA 29364

178050  
TELEPHONE (864) 545-2211  
FAX (864) 545-2591  
www.lockhartpower.com

February 20, 2006

2006-63-E  
Mr. Charles L.A. Terreni  
Chief Clerk/Administrator  
South Carolina Public Service Commission  
101 Executive Center Dr., Suite 100  
Columbia, SC 29210



Dear Mr. Terreni:

Lockhart Power Company (Lockhart or Company) is a public utility operating in South Carolina, where it is engaged in the generation, transmission, distribution and sale of electricity to the public for compensation. Its address is Post Office Box 10, Lockhart, South Carolina 29364.

Over the last 10-12 years, as Lockhart monitored the advancement of technology in the metering field, its plans were to select the appropriate technology that would enable the company to perform remote metering, and then to upgrade all its single-phase meters to a new type unit. In year 2000 the Company completed the evaluation phase of the process, and over the last five (5) years has moved into the meter replacement phase of the process. Currently, nearly one-half of all single-phase meters have been replaced with meters that enable remote reading. To date, of Lockhart's total of 6,132 active single-phase meters, 2,864 have been replaced with new meters, leaving the remaining 3,268 meters to be replaced. This process has resulted in both improved meter reading efficiency and cost reductions, as well as the replacement of an aging meter population, thereby serving to remedy potential meter problems. Our plan includes replacing approximately 1,100 meters per year during years 2006, 2007, and 2008, thus completing the process.

Lockhart has followed the practice of testing all single-phase meters as set forth in the Commission Regulations rather than seek approval of a Sample Meter Testing Plan. Over the years such a testing plan has proven to be burdensome and costly for the Company and therefore to its customers. While the Company has moved forward in its selection of a new meter, postponements have occurred that were caused by delays in the meter technology development process which in turn has caused delays in Lockhart's testing of meters. The delays are now behind the Company, and as it moves forward with meter replacement, it feels the need to avoid the expense of field testing if possible, because the meters to be tested are about to be replaced/retired, and the meter being retired will automatically be tested upon removal in accordance with existing

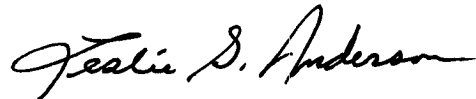
requirements. Field-testing costs approximately \$36 per meter. To field-test the remaining 3,268 meters that are now pending replacement would cost approximately \$117,650. To forego field-testing would eliminate duplicate testing of the remaining meters. However, to postpone testing potentially places the Company in violation of Commission Reg 103-370, which provides for all single-phase meters to be tested at least once in eight (8) years, unless the Company has in place a "Sample Meter Testing Plan" as approved by the Commission. It is the Company's intent to file and seek Commission approval of such a sample meter testing plan before the end of the meter replacement process, thereby adopting a plan that would both reduce the cost to the customer and at the same time insure that meter testing is adequately performed and that the Company is in compliance. At that point, all meters will be eight (8) years old or less, thereby reducing the likelihood of the existence of any metering error.

Lockhart, therefore, respectfully requests that:

The meter-testing requirement as set forth in Commission Reg 103-370 be waived during this remaining 3-year meter replacement period. All new meters being placed in service will continue to be tested prior to installation as required. All meters removed from service will continue to be tested upon removal as required. Any customer's account for which a meter presently being used for billing is found upon removal to be "fast" by more than 2 percent, will continue to be corrected accordingly. Lockhart would also furnish an annual progress update to the Commission and the Office of Regulatory Staff (ORS), showing a summary of final testing results of meters that are removed from service.

We have informed the ORS of this request. Thank you for your consideration in this matter and should you have any questions concerning it please do not hesitate to contact me.

Very truly yours,



Leslie S. Anderson  
General Manager

LSA/lisa

cc: Mr. John W. Flitter  
Mr. M. John Bowen, Jr. Esq.